

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 10/19/2010

GAIN Report Number: AS1035

Australia

Canberra

Post:

Ag DownUnder - Issue 6 2010

Report Categories:

Agriculture in the News

Wine

Policy and Program Announcements

Grain and Feed

Sanitary/Phytosanitary/Food Safety

Bio-Fuels

Livestock and Products

Stone Fruit

Sugar

Approved By:

Grant Pettrie, Agricultural Counselor

Prepared By:

Joy Dauth, Management Assistant

Report Highlights:

2010 Canberra International Riesling Challenge; Murray-Darling Basin Plan; Biofuel Demand in Australia Surges Ahead; Wheat Export Grants Benefit Growers; Endosulfan Registration Cancelled; Livestock and Products Annual 2010; Stone Fruit Annual 2010; Sugar Semi Annual 2010.

2010 Canberra International Riesling Challenge

On October 15, Sheldrake Point Winery of Cayuga, New York won the award for "**Best Sweet Riesling in the World**" and the perpetual American Ambassador's trophy for Best U.S. Wine in the [2010 11th Canberra International Riesling Challenge](#) with their "2008 Late Harvest Riesling".

The [Canberra International Riesling Challenge](#) attracts wines from Riesling producing countries around the world and is regarded as the most significant event of its type in the southern hemisphere. With 44 U.S. winery entrants to the competition this year, the U.S. was the largest country participating in the event outside of Australia. Exports of U.S. wine appear to be on track to reach record levels in 2010 at \$1.0 billion

Murray-Darling Basin Plan

The Murray-Darling Basin Authority (MDBA) released its "[Guide to the Proposed Murray-Darling Basin Plan](#)" on October 8, 2010 outlining a plan to secure the long-term health of the Murray-Darling Basin. This document is the first part of a three-stage process to address the problems that have plagued the system for years.

The plan aims to restore flows to key environmental assets in the Murray-Darling Basin and sets new limits for irrigators and other water users and establishes where more water is needed if the system is to survive. The Australian Federal Government aimed to achieve a balance between agricultural, industrial, human and environmental needs.

Biofuel Demand in Australia Surges Ahead

THE surging demand for biofuels in Australia outstripped the rate of global biofuels growth in the past year, including a continued expanding preference among motorists for ethanol-blended petrol. World demand for biofuels boomed, with worldwide production in 2009-2010 jumping 16% over the 2008-2009 period. In Australia, the increase in biofuels demand over the same period was 34%, more than double the rate of global growth.

A recent report indicates that, while the Australian ethanol industry is establishing itself as a sustainable alternative industry for the supply of an alternative fuel for petrol - and as an import replacement fuel - the nation's biodiesel industry has yet to prove itself as a sustainable industry of scale. Demand for E10 (ethanol-blended petrol containing 10% ethanol) was fast becoming a substitute for regular unleaded petrol in NSW and Queensland, to the extent that ethanol production capacity in Australia might fall short of meeting the full ethanol mandated volume for those states in 2011 and 2012.

Source: [Farm Online](#)

Wheat Export Grants Benefit Growers

Growers will benefit from grants issued under the final round of the Australian government's Federal Wheat Export Technical Market Support Grants Program. All grant recipients have been described by the Australian Minister for Agriculture, Fisheries & Forestry as "innovative and emerging wheat exporters who combine new ideas with the high quality of Australian wheat to break into new niche markets."

The Wheat Export Technical Market Support Grants Program is an Australian Government initiative to help new and smaller scale exporters build long-term relationships with international customers. The program was one of a number of Government initiatives under the A\$9.37 million transitional assistance package to help the Australian wheat industry transition to the competitive marketing arrangements introduced in 2008. The assistance package contributed financial support to Wheat Exports Australia to ensure it operated effectively during the change to its new arrangements and funding for the collection and dissemination of market information on wheat production, exports and availability by the ABS and ABARE with the first reports released in February 2009.

The assistance package also allowed 52 information sessions to take place which attracted more than 1200 growers and were held in August and September 2008. International briefing sessions were held in major Australian wheat markets including Japan, South-East Asia, the Middle East and New Zealand as a result of the package. Funding of A\$200,000 each financial year for three years from 2008-09 was also provided for grants of up to A\$60,000 under the Wheat Export Technical Market Support Grants Program and funding was also made available to Grain Trade Australia to finalize the voluntary industry code of conduct, which was sent to grain growers in early November 2009. The Australian Competition and Consumer Commission also received funding for the development and approval of access undertakings by providers of port terminal facilities that sought export accreditation. More than A\$330,000 in matched funding was provided under rounds one and two of the program. Source: [Farm Online](#)

Endosulfan Registration Cancelled

The Australian Pesticides and Veterinary Medicines Authority (APVMA) announced this week that it has cancelled the registration of the insecticide endosulfan. APVMA said the decision to deregister endosulfan "follows a recent assessment of new information by the Department of Sustainability, Environment, Water, Population and Communities (DSEWPC) that the prolonged use of endosulfan is likely to lead to adverse environmental effects via spray drift and run-off," and that "a full risk assessment conducted by DSEWPC concluded that these long term risks could not be mitigated through restrictions on use or variations to label instructions."

APVMA sets maximum residue limits for chemicals remaining on produce sold to the consumer, with a variety of testing mechanisms in place to police limits. Agricultural products containing endosulfan are no longer registered in Australia, effective immediately. The three current approvals for endosulfan have also been cancelled, and the five products containing the chemical will be phased out over the next two years. Source: [APVMA](#)

Livestock and Products Annual 2010

Prospects for the Australian cattle industry have been remarkably transformed due improved climatic conditions experienced over the calendar year-to-date. Inventories of cattle are expected to grow as slaughter declines and this will likely see production and exports of beef (and to a lesser extent live cattle) decline. Closing inventory for CY 2011 is forecast at 28.5 million head, the highest since 1978. Total pig slaughter is forecast to increase in CY 2011, as is production and to a lesser extent exports.

(see Attaché Report: [Livestock and Products Annual 2010](#))

Stone Fruit Annual 2010

Post has forecast an increase in production and exports for plums, cherries, peaches and nectarines in CY 2011. Improved seasonal conditions in CY 2010, following years of prolonged and severe drought, are expected to see production in CY 2011 increase across all stone fruit crops. The anticipated reopening of Taiwan as an export market in CY 2011 is also expected to see more confidence among producers and improved trade flows following years of poor prices. (see Attaché Report: [Stone Fruit Annual 2010](#))

Sugar Semi Annual 2010

The 2010/11 sugar cane harvest is around fifty percent completed. Extremely wet weather has slowed the harvest, boosted cane production and lowered sugar content. Continued historically high prices have increased the forecast area and increased forecast sugar production. (see Attaché Report: [Sugar Semi Annual 2010](#))

Exchange Rate: Noon rate October 19, 2010 US Dollar \$1 =AUS \$1.0104

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Title of Report	Date
Sugar Semi Annual 2010	09/29/10
Livestock and Products Annual	09/01/10
Stone Fruit Annual 2010	08/20/10
Grain & Feed Update – August 2010	07/30/10
Ag DownUnder Issue 5	07/22/10
Food & Agriculture Import Regulations & Standards Report	07/21/10
Agricultural Biotechnology Annual	07/14/10
Biofuels Annual 2010	07/06/10
Ag DownUnder Issue 4 2010	06/25/10
Increased Access for Australian Fresh Fruit to China & Japan	06/23/10
Ag DownUnder Issue 3 2010	06/11/10
Canola Production Forecast to Jump in 2010-11	06/03/10
Ag DownUnder – Issue 2	05/28/10